

Meeting Summary
Otay Ranch POM PMT Meeting
County Administration Center, Tower 7
1600 Pacific Highway
San Diego, CA 92101

December 2, 2009
10am – noon

Approved by the POM Preserve Management Team on 06/08/11

ATTENDEES:

City of Chula Vista

Gary Halbert, Deputy City Manager
Jill Maland, Deputy City Attorney
Marisa Lundstedt, Principal Planner
Josie McNeeley, Associate Planner

County of San Diego

Chandra Wallar, Deputy Chief Administrative Officer, Land Use & Env. Group
Mark Mead, County Counsel
Brian Albright, Director, Department of Parks and Recreation (DPR)
Megan Hamilton, Group Program Manager, DPR
LeAnn Carmichael, Planning Manager, Department of Planning and Land Use
Cheryl Goddard, Land Use Environmental Planner, DPR

Public

See Attachment A – Sign-in Sheet

Agenda Item Numbers noted in parentheses

1. **Call to Order**
(I.) Meeting called to order at 10:05am by County of San Diego/CHANDRA WALLAR.
2. **Approval of POM PMT Meeting Minutes of September 30, 2009**
(II.) WALLAR motioned to approve the meeting minutes. Motion seconded by City of Chula Vista/GARY HALBERT. Motion carried.
3. **Public Comment on items not related to Agenda**
(III.) WALLAR opened and closed with no comment.
4. **Status Report**

(IV.A.) County of San Diego/LEANN CARMICHAEL reported on the Irrevocable Offer of Dedication (IOD) and Open Space Easement Vacation and substitution proposed by Otay Ranch Company within the County's jurisdiction. The Village 13 development project is proposing preserve boundary modifications to mainly address the Quino checkerspot butterfly. Areas shown in red on the powerpoint slide are proposed to be vacated and the substitution lands are shown in blue. The "backwards L" property has received right of entry from the California Department of Fish and Game (CDFG) and POM staff is awaiting right of entry from the City of San Diego. The City of San Diego has stated that they may issue right of entry upon receiving additional information from the City of Chula Vista.

WALLAR asked what additional information is needed.

City of Chula Vista/JOSIE MCNEELEY stated that the City of San Diego has requested information regarding insurance more specifically whether or not the City of Chula Vista is self-insured. Chula Vista POM staff has requested this information from their Risk Management Division.

CARMICHAEL stated that the "Z-shaped property" has received right of entry from CDFG and the National Wildlife Refuge. POM staff is waiting to receive a letter from the Bureau of Land Management (BLM) stating that access cannot be denied this property however because it is an in-holding, the BLM can regulate the use of the access. This is an interim solution as access is formally granted through a 2920 Permit-Access Authorization Permit from the BLM. The permit process may take many months and requires NEPA review. Staff did not want to hold up the process to accept this property and therefore the letter from BLM will be adequate until the formal permit is requested. BLM is in the process of determining the fees associated with the permit and an estimated timeline to issue the permit.

CARMICHAEL stated that the City of Chula Vista is reviewing the legal and physical access to the Dulzura property.

City of Chula Vista/JOSIE MCNEELEY added that Otay Ranch Company provided an exhibit of the proposed access to the Dulzura property. The proposed access crosses land owned by the Department of Fish and Game. Chula Vista staff visited the proposed access and at this time does not feel that it is adequate. Chula Vista staff has discussed what is needed in order for the POM to get access to the site and within the site with the Otay Ranch Company. The property is 900 acres. Appropriate access is needed in order for POM consultants to be able to drive in their vehicles in order to set up for necessary surveys.

ROB CAMERON stated that the POM should discuss legal and physical access as it relates to the Otay Ranch properties and other lands to be conveyed into the Otay Ranch Preserve. For the Otay Ranch property in Dulzura, access is provided on a major dirt road with gravel, drainage, mirrors and is maintained by the Board Patrol. Otay Ranch Company has accessed the property using this road over the

last two decades. Otay Ranch Company feels like it has clear prescriptive rights to use this access road. At some point the POM will need to discuss the use of prescriptive rights to access lands to be conveyed to the POM. The Bureau of Land Management uses prescriptive rights to access their properties in this same area. POM staff has said prescriptive rights don't work because if it were challenged, the County and the City would have to go to the Courts to prove prescriptive rights. This should be addressed by the POM. Aside from prescriptive rights, the Dulzura property can be accessed through the proposed dirt road submitted to POM staff. The dirt road leads you to the property which should satisfy the requirement for legal and physical access. Access shouldn't have to be built to take you onto the property as it can be accessed by foot.

WALLAR asked if CAMERON wants POM to set precedent over how far access should lead you into a property.

CAMERON stated yes. It was never envisioned that access roads be built throughout the Preserve. There are going to be some mountainous areas in Dulzura and south of Otay Lakes that cannot be accessed by vehicles.

HALBERT agreed that certain areas of the Preserve cannot be accessed by vehicle. The question is, are you at an access point that can get you to any of the 1,000 acre property and that is what City staff is concerned with. Staff understands the urgency of this issue and will work with the Otay Ranch Company to resolve however, POM staff should not have to renegotiate access after the fact of conveyance.

5. Future Infrastructure

(V.) County of San Diego/CHERYL GODDARD provided background on future infrastructure. GODDARD stated that POM staff met with a mediator in April 2009. The mediator recommended that approval authority regarding the location of future infrastructure be placed on the jurisdiction in which the infrastructure is located and that all Otay Ranch policy documents reflect this recommendation. The Policy Committee at the last meeting directed staff to implement the mediator's recommendation. The mediator's recommendation will be implemented once the JPA and RMP2 are updated. The JPA and RMP2 are not anticipated to be presented to the Board of Supervisors and Chula Vista City Council until Spring 2010. In the interim, until the amended JPA and updated RMP2 are adopted by the Board and City Council, POM staff is proposing a future infrastructure policy. The Policy states that POM staff will amend the JPA and RMP2 per the mediators recommendation, the County and the City agree to language to be placed on conveyance documents for pending and future conveyances, and it outlines the POM commenting process. The commenting process states that staff will review proposed future infrastructure locations within the Preserve and if there is no agreement it will be elevated to the PMT. The PMT will send the comment letter to the jurisdiction in which the infrastructure is to be located. The Policy Committee

members will have an opportunity to comment on the infrastructure locations as members of their respective Board of Supervisors or City Council.

HALBERT asked for clarification regarding if comments must be elevated to the Policy Committee.

GODDARD stated that the comments would be elevated only to the PMT level. However, because the Policy Committee representatives are members of their respective Board of Supervisors or City Council, they will have an opportunity to comment on the location when it is presented to the Board of Supervisors or City Council.

GODDARD stated that POM staff's recommendation is to approve the Future Infrastructure Policy dated September 30, 2009. GODDARD clarified that this policy would be in place for the existing POM structure. If the POM structure changes, the issue of future infrastructure may have to be revisited with other entities that are involved.

WALLAR made a motion to approve.

HALBERT seconded the motion. HALBERT encouraged staff to work together so that there is no need to call special meetings of the PMT to address future infrastructure.

City of Chula Vista/JILL MALAND stated that before a motion is seconded, that the PMT consider adding a contingency to the policy. The policy lays out that comments should be due within 45 days or end of the public comment period. The PMT may want to consider adding language to the policy in the event that comments are not received in that time period. If the deadline cannot be met, possibly the comments at the staff level could be forwarded to the jurisdiction or absent of comments the jurisdiction in which the infrastructure is to be located can proceed.

WALLAR stated she is comfortable with staff forwarding the comments. The intent is for the PMT to meet as needed, but if that doesn't happen, staff should forward their comments.

HALBERT asked WALLAR if she would like to amend her motion to include language that directs staff to forward comments to the jurisdiction in which the infrastructure is located if the PMT cannot meet before the comment deadline.

HALBERT seconded the motion. Motion passed unanimously.

6. Future Preserve Owner/Manager Alternatives

(VI.) GODDARD provided background on future POM alternatives. The PMT and Policy directed staff to explore future POM alternatives since the JPA requires that the agreement and POM structure be reviewed every 5 years. The alternatives

include the Existing POM, Adjacent public land managers manage lands east of Otay Lakes, Third Party POM, Non-Governmental Organization (NGO), Each jurisdiction manages conveyed preserve land within their respective jurisdiction, and Each jurisdiction manages conveyance land associated with its a development. These alternatives have been discussed with the adjacent public agencies east of Otay Lakes including the Refuge, BLM, Fish and Game, and the City of San Diego. The alternatives have also been discussed with the Working Group as directed by the Policy Committee. As a result of meeting with the Working Group, we have explored the option of a NGO as a POM option. For each alternative, POM staff has identified Pros/Strengths, Cons/Risks, Implementation Steps, Feasibility Questions, and Estimated Timelines.

HALBERT requested that POM staff discuss the NGO option.

MCNEELEY stated that the NGO would not take over all POM responsibilities but after discussing with the Working Group their responsibilities would be narrowed to land manager responsibilities only. Ultimately it would be the same situation that we are in now with the exception that the Preserve Steward Biologist would be an NGO. POM staff would establish the NGO Board by soliciting interested parties. The role of the City, County, and NGO will need to be established. Again, the NGO will primarily be responsible for managing lands within the Preserve. The City and the County would retain fee title. Bottom line is that the NGO would serve as the land manager and would implement responsibilities identified in the RMP regarding land management and monitoring. They may also serve as technical advisors to the RMP and other documents related to the Preserve. They would take over the responsibilities currently being completed by RECON.

HALBERT asked POM staff to walk through the Pros/Cons and discuss the differences between the existing POM.

MCNEELEY stated that a pro for an NGO is that there would be one land manager for the preserve lands and they would be focused on the Otay Ranch Preserve whereas RECON is a consulting firm with other projects and priorities. The NGO will have a united goal and objective of the Otay Ranch Preserve. An NGO may draw in volunteers. For example, the City has a Friends of Rice Canyon group that assist in the management for that open space area. Community volunteers could decrease the cost for basic stewardship. The NGO would have the technical knowledge. Currently RECON is serving as the Preserve Steward Biologist but an NGO would have a broader range of knowledge. With RECON, they require some responsibilities to be subcontracted out. RECON may need to subcontract out to others who have the licenses and permits to do certain focused surveys and NGO may have those folks with the licenses and permits in-house. There is a wider ranger to have more participants with an NGO. NGO also has opportunities with grants. With the current POM structures, the City and the County have been able to seek grant monies from SANDAG through the Transnet grants. An NGO holds more weight since their sole purpose is to look out for the preserve. An NGO will

have access to grants and will have the knowledge and experience in what the preserve needs and priorities are. NGO also has the opportunity for public outreach. The contract with RECON states that there maybe an opportunity to do some public education. However at this time the priority with RECON is to get out on the ground and complete surveys and monitoring. An NGO would have a range in that type of organization, they may have a volunteer group involved that could focus on public outreach. Lastly, an NGO could reduce administrative costs by decreasing the amount of meetings needed. The County and the City would still remain partners but staff could report back less frequently regarding recommendation regarding monitoring and adaptive management within the preserve. The NGO option is similar to the existing POM but with an NGO their focus will be narrowed on the needs of the preserve.

HALBERT asked if the NGO would be a 501c3 versus RECON.

MCNEELEY stated yes.

HALBERT stated that the NGO would be a management entity not a governing body. It would be a structure that would exist under the POM itself so it's not a stand alone alternative. HALBERT asked if an alternative POM is chosen is there an opportunity to still have one or two NGOs at that point.

MCNEELEY stated yes. POM staff is still learning the nuances of how the functions and operations of an NGO work. Michael Beck has been a resource in identifying and understanding the process.

GODDARD stated that POM staff will be meeting with the adjacent public land managers east of the lake individually to determine if they are still interested in taking fee title and managing the lands.

WALLAR stated that she thought staff has spoken with these agencies and that they are interested at least the Refuge is.

GODDARD stated that the agencies are interested in taking fee title and managing the lands. Staff is in the process of setting up individual meetings with these agencies to discuss the details and requirements in managing the lands. Some of the issues we will be discussing is the fact that CFD 97-2 funds cannot be transferred to the state and feds so they will need to fund the management and monitoring. We will also discuss the Otay Ranch EIR and RMP management and monitoring requirements. For example, Fish and Game and BLM allow hunting and BLM also allows the use of public off-road vehicles. These are items we will need to discuss and work through to see if the agencies are agreeable to not allowing these activities on the preserve lands.

WALLAR asked what the POM needs to do in order to allow those activities.

GODDARD stated that we will need to go back to the EIR and to review the language. It may possibly require amending the EIR and going back to the Wildlife Agencies.

WALLAR stated that there is an opportunity here that was originally shut down 10 years ago and is now open. This would save the POM on-going significant expenses and it would allow the other agencies to enhance their services. This needs to move forward and we need to make it happen. If they will take the land but under different management circumstances, we need to investigate it.

GODDARD stated that POM staff is open to exploring the additional steps needed to transfer the lands to these other agencies and staff will coordinate with our legal staff. GODDARD stated that we will also be discussing trails with the agencies as this may be an issue for the agencies. At the next PMT meeting, staff will report back on each individual agencies in the meantime, we will continue to report on RECON and their on-the-ground work. GODDARD stated that the Policy Committee directed staff to come back with recommendations regarding the ranking of the alternatives. Staff's recommendation is first Adjacent public land managers manage lands east of Otay Lakes. This also was the Working Group's top rank. Second is that each jurisdiction manage preserve lands within their jurisdiction, and three – Third Party POM.

MCNEELEY stated that we have provided these top three rankings in case RECON does not work out. We are discussing the top three because we are in agreement with these rankings at this point and time but staff is not discrediting any of the other alternatives including the new alternative. Staff looks forward to having a discussion regarding these alternatives but staff is not eliminating the others not shown in the top 3 ranks.

GODDARD explained the rationale for the first ranking. Looking at existing ownership pattern of the preserve, public agencies own lands within or adjacent to the preserve. In regards to more efficient land management, and the way that the RMP works in that developers can convey lands anywhere in the preserve and if they convey land next to another public agencies land, it makes more sense that that agency take fee title and manage the lands. Additionally, the Refuge did agree to take fee title of the land at no cost to Otay Ranch.

MCNEELEY stated that another advantage of other public agencies taking fee title and managing the lands is that the agencies are established and in place and they could begin management immediately.

GODDARD explained the rationale for the second rank – preserve would be divided based on jurisdictional boundaries. This alternative resolves a lot of issues the POM has recently faced as joint POMs between the County and the City. This alternative allows the County and the City to serve as independent land managers within each jurisdiction. Each jurisdiction would have its own separate General

Development Plan/Subregional Plans and Resource Management Plans. If a policy issue arises or boundaries need to be modified, those changes would strictly involve the jurisdiction it impacts. It would not need a joint decision by the County and the City. This alternative may resolve policy issues where the County and City may not agree on. The County and the City have proven to be qualified land managers and the funding would be secured with this alternative. CFD 97-2 will continue to fund management and monitoring and a new CFD will be created for unincorporated projects. The County and City will need to come to a funding agreement amount including per/acre costs and a payment schedule. Since a 5-year budget has been drafted and presented which includes per/acre costs it would be easy to use those numbers to come to an agreement.

GODDARD explained the rationale for the third rank – Third Party POM. The advantage of a Third Party POM is that fee title would be transferred directly to this entity. As fee title holders, they would be responsible for managing the lands according to the RMP. Additionally, they would take over the responsibilities outlined in the JPA currently assigned to the County and the City. This includes the components of environmental education, research, recreation and coordinating with law enforcement. They would have the ability to comment on County and City projects that may impact the preserve. There will also still be a secured funding source.

WALLAR asked since the CFD is currently administered by just the City, how will the Third Party POM be assured that there is adequate resources to manage and monitor the preserve. On the flip side, what is the mechanism that the City has to determine whether or not the funding is accurate?

MCNEELEY stated that it would be similar to the existing POM. Staff will need to work with the third-party entity to establish what the necessary budget might be. If additional funding is needed, staff can work through those issues as we currently do now. The third party entity will need to prioritize the tasks and identify what current needs are. The entity will need to be aware of possible issues like delinquency rates.

City of Chula Vista/MARISA LUNDSTEDT stated that although this alternative is called Third Party POM, it is actually what was initially envisioned in the Resource Management Plan (RMP). The original concept of the POM was for it to be a third party. It was originally thought to be a separate entity. Everything with the Third Party POM option is consistent with the concepts in the RMP. The third party would hold fee title and would likely be a non-political entity. If there were projects, the County and the City would forward it to the third party for their comments. The CFD would be structured the same. Funds would be transferred to the third party. This option is not deviating from the RMP.

WALLAR stated that there may be complications with the Third Party options. There may be safeguards in place, but for example, if the third party said they

needed \$100,000 to manage the lands but the City stated they did not want to raise the assessment amounts thereby forcing the third party to live within the amount the City forwards to the entity, it could create an issue.

MCNEELEY stated that as we move forward, staff will work through those issues and draft an agreement on how the funding would work.

HALBERT stated that this issue may come up with the option to divide the preserve based on jurisdictional boundaries.

KIM KILKENNY stated that options 1 and 3 could move forward concurrently. Otay Ranch Company supports staffs recommendation to transfer lands east of the lakes to the other public land managers.

LIBBY LUCAS supports that staff will be meeting with each agency individually. It is important to come up with a list of requirements attached to managing these lands so that the agencies can identify which ones they cannot take on and discuss how the issues can be resolved given the CFD funds will not be available. These obligations cannot be ignored. LUCAS asked how much funding would be lost if the lands are transferred to other agencies versus the existing POM keeping the lands?

MCNEELEY stated the City will look into how the CFD funds will be affected. It was envisioned that if the lands east of the lake were transferred that the CFD funds would focus on the remaining lands. The funds would be reallocated but for more educational outreach. The City will follow up to see how the funds may be impacted.

MICHAEL BECK stated that over the last 15 years conveyance and acquisitions have focused on the South County. There are multiple core areas identified in the Multiple Species Conservation Program (MSCP) but the real core area is in the South County including Otay Mesa, Otay Ranch, and the Wilderness area. While acquisition is way ahead of what was expected, management of the land is behind and even further behind is monitoring of the land. This is an issue all over the state. Over the last couple of years there has been some movement through Transnet grants totaling \$35 million and that amount may double or triple next year. The Wildlife Conservation Board has also approved some projects. San Diego County has received a large amount of State and Federal funding through Section 6. There are thousands of acres not being managed due to a lack of resources either monetary or staff wise. There are thousands of acres coming online, mostly within the County of San Diego. It is a workload issue. South County is a critical area for the success of the program. BECK advocated for a Third Party POM. This entities' job will be to manage the lands in accordance to the RMP and the MSCP. This option is the most cost effective and the most focused and will bring the greatest number of powers to the ground. Some organizations bring thousands of volunteer hours. There is never enough money

to do everything you want to do because the plans are adaptive management programs. Even Crestridge, Fish and Game holds fee title but others manage it, has a \$4 million endowment but approximately 1/3 of the annual budget is still attained through grant funding. Whichever option is chosen, BECK discourages splitting the Preserve by jurisdiction. In the South County, there are multiple land owners. But there is an effort to condense the management responsibilities to a single management plan. This is a benchmark decision. It will be a definitive decision for the whole south county. The pros and cons should be looked at in a regional context. The MSCP and RMP obligations shouldn't be ignored either. Beck supports the Third-Party option.

GODDARD stated that if the Preserve were to be divided based on jurisdictional boundaries, there would still be large areas of conservation land within the unincorporated and within the City's jurisdiction. This option would split the land management responsibilities and eliminate any future policy disagreements. However both jurisdictions could then chose to pursue a third-party POM or other alternative as deemed appropriate by that jurisdiction.

HALBERT stated he agreed with BECK'S comments in that a single management entity is a desirable outcome. However, the management of the land must first be separated from the governance of the land. HALBERT supports a combination of option 1 (public agencies take fee title and manage lands east of the lake) and 2 (divide preserve based on jurisdictional boundaries) and a push from staff to work towards achieving option 3 (third party POM), specifically an NGO to manage and monitor the lands. If the entity loses the third party entity loses the ability to manage the land, the obligations fall on the jurisdiction. HALBERT supports staff's rankings but should not lose sight that a single management entity is ideal. More work needs to be done regarding the CFDs. How will they impacted? How will they work with jurisdictional POMs? What will happen if the County and the City split the preserve for governance purposes? Mitigation will occur in the unincorporated for projects within the City's jurisdiction. How can the City assure the County that the funds will be available to mange the lands?

WALLAR directed staff to explore Interjurisdictional tax exchanges to see if this type of agreement can work for the jurisdictional POMs.

KILKENNY stated that the Baldwin Agreement written 15 years ago intended that the Wildlife Agencies take on lands east of the lake without CFD funds. The CFD funds would then be focused on the remainder lands. Otay Ranch Company continues to support this. What will be the focus in the next 15 years? Otay Ranch Company always envisioned a large preserve system which was to be managed and monitored. Jurisdictional and trail issues shouldn't hold up progress of the preserve. These are minor issues in relation to the size of the preserve system.

WALLAR asked if staff needed additional direction regarding the next steps concerning alternative POMs.

GODDARD stated that direction in addition to staff meeting with the public agencies independently is appreciated.

MCNEELEY stated that staff will continue managing the contract with RECON as the Preserve Steward Biologist and report back to the PMT regarding their progress on the ground. When staff reports back and it is determined that the preserve's needs aren't being met, then at that point should staff begin to explore the alternatives in more detail or should that occur at this point?

HALBERT stated that the PMT agrees with staff's ranking. The option that public agencies manage lands east of the lake can be paired with any of the options. The preference is to pursue jurisdictional POMs in that the preserve is to be split based on jurisdictional boundaries and that recommendation will be taken forward to the Policy Committee. However there should be the underlying understanding that the goal should be, that separate from a governance standpoint, the preference is to ultimately have the lands managed by an entity, preferably an NGO alternative. HALBERT directed staff to further explore this combination of options. For the City, and hopefully for the County, this should be looked at as a starting point of working at a regional level, so working with the Environmental Mitigation Program (EMP) Working Group with SANDAG. What options are there in building off from this point? There are thousands of acres being managed by NGOs. HALBERT also directed staff to explore the impacts on CFDs. CFDs are the tool to manage the lands. To the extent that the CFD funds cover management of lands outside the City's jurisdiction, what avenues are available to assure the other jurisdiction, in this case, the County that the funds will be available on an on-going basis? There will be some limitations on that ability, but how far can it go? In regards to the public agencies taking on lands east of the lake, there probably won't be an impact on the existing CFD. It will likely result in more money than is needed. However, how will this impact future CFDs? Is there still the ability to look at the same basis as the original CFD did or are limitations being created and there may not be enough equity within those taxing areas?

7. Finance

(VII.A.) MCNEELEY reported on the FY08-09 Budget Actuals. The estimated budget for FY08/09 was \$505,000. The City went to levy for \$510,339. Revenues received as of September 1st totaled \$432,520. The total expenditures for FY08/09 totaled \$251,178. The year end fund balance was \$234,367. This is an approximate balance. There is approximately \$400,000 of roll-over funds that are not included in the year end fund balance total.

WALLAR asked for clarification regarding the year end fund balance of \$234,367. Did staff intend to expend the \$234,000 but didn't or is that amount associated with the RECON contract?

MCNEELEY stated that the \$234,000 is what has not been expended.

WALLAR asked what was that money intended.

MCNEELEY stated the spreadsheet shows how the budget was spent. Administration costs were over budget mainly due to resolving the issue of future infrastructure and access issues. Because those issues have been dealt with staff anticipates administrative costs to decrease. Preserve operation and maintenance was budgeted \$47,000. This amount was to cover the salary of a Park Ranger and any tools and equipment needed for the preserve. There were no tools or equipment purchased during FY08/09, therefore \$13,000 was not expended. Resource monitoring and programs was budgeted \$340,000 for baseline surveys tied to the contract with Dudek and baseline surveys for any new lands conveyed into the preserve. There were no conveyances last fiscal year, therefore \$284,000 was not expended and has been included in the rollover amount. \$56,000 was expended for baseline surveys on existing POM lands.

MCNEELEY reported on the FY09-10 Budget. The beginning fund balance was \$634,361 which includes the \$400,000 rollover funds anticipated to be used towards the RECON contract. The estimated budget for FY09/10 is \$871,265. This includes the \$400,000 for the contract with RECON. The actual FY 09/10 budget is \$471,265. The City went to levy for the maximum amount of \$510,673. When planning for the FY09/10 budget staff factored in the delinquency rate at that time which was 21% so the budget was adjusted and reduced to \$471,265. Staff will continue to reassess the budget as the delinquency rate at this time has decreased to 15%.

HALBERT asked if the delinquency rate is shown by decreasing the budgeted revenue or was it figured that the fund needs to carry a larger reserve?

MCNEELEY stated that the reserve should be at 50%, ideally at 70%. The budget was adjusted based on the delinquency rate to insure that it wasn't over budget so the reserve is maintained at a minimum of 50%.

HALBERT stated that the budget should reflect the full levy amount.

City of Chula Vista/TESSA QUICHO stated that the 15% delinquency is factored into the 5-year projected budget.

WALLAR stated that the delinquency rate has improved since the PMT last met. Are there many projections on the delinquency rate? Is this normal, is it predicted to get worse?

MCNEELEY stated that looking back at past delinquency rate, going as far back as FY06/07, that over time, the delinquencies are paid either through foreclosures

and the purchase of residents. The payments may be late, but they are eventually collected over time. So looking back at the FY 06/07 and FY 07/08 delinquency rates, they have decreased over time. Staff is factoring 15% as the delinquency rate. This is tied into large undeveloped properties held in private ownership. Overtime, it will be paid out.

WALLAR asked for clarification that the delinquency is tied to large parcels and not individual properties.

MCNEELEY stated yes. Delinquency rates can be calculated by dollar amount or by parcels. The 15% is the dollar amount delinquency rate but the by parcel rate is lower than 15%.

HALBERT stated that even though 15% was calculated into the 5-year forecast, the City will eventually collect all of the taxes. Those revenues will eventually show in future years.

(VII.b) MCNEELEY reviewed the 5-year forecast. The forecast reflects a projected 15% delinquency rate for the fiscal years shown on the table. The expenditures for FY08/09 have been updated. In previously presented 5-year tables, the columns for preserve operations and maintenance and management and monitoring were separated. Since RECON has been contracted as the Preserve steward biologist, these columns have been combined. A column for roll-over funds has been added to the table. The rollover amount previously discussed of \$400,000 is the total from last years rollover of \$340,000 and the rollover from the year previous to that. The Reserve Balance formula has been corrected. It is difficult to update the table through FY13/14. These numbers are purely estimates. With RECON on board, they will be better equipped to provide more accurate estimates. The number of taxable parcels has been estimated to increase over the years at an average of approximately 150 parcels each year.

8. Proposed Policy Committee Agenda

(VIII). Goddard stated that the proposed Policy Committee agenda mirrors today's PMT agenda. The Policy Committee is scheduled to meet on October 15th from 2-4pm in the John Lippett Public Works Center in Chula Vista.

WALLAR asked HALBERT if Councilwoman Bensoussan would like Supervisor Cox to chair the meeting even though it will be held in Chula Vista since it will be her first meeting.

HALBERT stated that we can assume Councilwoman Bensoussan would like Supervisor Cox to chair the next meeting.

9. Next PMT Meeting

(IXI.) GODDARD stated that the next PMT meeting has not yet been scheduled but is anticipated for January 2010.

HALBERT requested that the next PMT meeting be held in November in order to wrap some of the issues discussed today up. The agenda could be limited to Future POM Alternatives.

10. Adjournment

(X.) WALLAR motioned to adjourn.

HALBERT seconded. Meeting was adjourned at 11:16am.